

Message Text

LIMITED OFFICIAL USE

PAGE 01 SINGAP 01776 291157Z

43

ACTION AID-31

INFO OCT-01 EA-06 ISO-00 AGR-05 CEA-01 CIAE-00 COME-00

DODE-00 EB-07 FRB-03 H-02 INR-07 INT-05 L-02 LAB-04

NSAE-00 NSC-05 PA-01 CIEP-01 SS-15 STR-04 TAR-01

TRSE-00 USIA-06 PRS-01 SP-02 FEA-00 OMB-01 /111 W

----- 092100

P R 291005Z APR 75

FM AMEMBASSY SINGAPORE

TO SECSTATE WASHDC PRIORITY 2440

INFO AMCONSUL HONG KONG

LIMITED OFFICIAL USE SINGAPORE 1776

PASS TREASURY FOR FOREIGN ASSETS CONTROL

E.O. 11652: N/A

TAGS: EFIN SN CB

SUBJECT: BLOCKING OF CAMBODIAN ASSETS

REF: A. SINGAPORE 1692 B. STATE 91120 C. HONG KONG 4521

1. FOLLOWING LETTER RECEIVED APRIL 29 FROM VICE PRESIDENT

JONATHAN GRAVES, FNCC SINGAPORE: "DEAR AMBASSADOR CRONK:

RE: FOREIGN ASSETS CONTROL- US TREASURY DEPARTMENT CAMBODIAN US DOLLAR ACCOUNTS WITH OUR ACU. ATTACHED FOR YOUR READY REFERENCE ARE TO STRAITS TIMES ARTICLES CONCERNING THE RECENTLY IMPOSED FOREIGN ASSET CONTROL REGULATIONS GOVERNING CAMBODIAN ASSETS. WE UNDERSTAND THIS STORY IS ONE THE ASSOCIATED PRESS WIRE AS WELL. THE INSTRUCTIONS WE RECEIVED BETWEEN APRIL 21 - APRIL 24 WERE AMBIGUOUS AND CONSTRAINED US TO SUSPEND OPERATIONS OF THE SINGAPORE DOLLAR ACCOUNT OF THE CAMBODIAN EMBASSY HERE AS WELL AS SOME INDIVIDUAL ACCOUNTS OF ITS EMPLOYEES FOR A DAY PENDING CLARIFICATION. UPON RECEIPT OF WORD FROM OUR NEW YORK OFFICE THAT THE TREASURY REGULATIONS PERTAIN TO US DOLLAR

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 SINGAP 01776 291157Z

ACCOUNTS ONLY, WE PERMITTED NORMAL ACCOUNT OPERATIONS TO

RESUME FRIDAY MORNING, APRIL 25, 1975. THE PRESS ATTENTION GIVEN THIS BRIEF EPISODE HINTS AT WHAT IS TO COME IN CONNECTION WITH SEVERAL CAMBODIAN BANKS WHICH MAINTAIN SUBSTANTIAL US DOLLAR DEPOSITS WITH US. THE EXACT TOTAL INVOLVED AT THE MOMENT IS US\$1,305,001.91 AND MATURITIES OF THE TIME DEPOSITS INVOLVED RANGE FROM DEMAND TO MAY 14, 1975. BRIEFLY, THE SCENARIO ANTICIPATED IS AS FOLLOWS: WITHIN A FEW WEEKS TO A FEW MONTHS MATTERS WILL SETTLE DOWN IN CAMBODIA AT WHICH TIME THE CAMBODIAN BANKS WILL SEEK TO TEST THE LIQUIDITY OF THEIR US DOLLAR TIME DEPOSITS WITH US BY REQUESTING US TO PAY DEPOSIT PROCEEDS TO ANOTHER COUNTRY OR BANK. WE WILL STATE THAT THESE DEPOSITS HAVE BEEN BLOCKED BY ORDER OF THE US TREASURY DEPARTMENT. THIS WILL PROMPT THE CAMBODIAN BANKS TO ENGAGE COUNSEL WHO WILL BRING SUIT. WE CAN ANTICIPATE MAS INTERVENTION AT THIS POINT TO SPEED A COURT DECISION. OUR COUNSEL ADVISES THAT THE COURT JUDGEMENT WILL GO AGAINST US FOR THE AMOUNT OF THE DEPOSITS PLUS DAMAGES AND COURT COSTS. AT THIS POINT THE DILEMMA: DO WE PAY AND AROUSE THE WRATH (OR WORSE) OF THE TREASURY OR DO WE REFUSE TO PAY AND RISK MAS SUSPENSION (OR TERMINATION) OF THE BANK'S BANKING LICENSE HERE? TO BE FRANK, NEITHER UNITED STATES' INTERESTS IN GENERAL NOR UNITED STATES BANKS IN PARTICULAR APPEAR TO GAIN FROM SUCH A SITUATION ARISING. NOR IS IT SUPPOSED THAT THE SINGAPORE GOVERNMENT WISHES TO ENTER INTO SUCH A CONFRONTATION WITH ALL ITS ACCOMPANYING NOTORIETY AND GIVEN PRESENT EDB EFFORTS TO ATTRACT US INVESTMENT HERE. NONETHELESS, WITH ITS INTEGRITY AS A FINANCIAL CENTER AND SAFE HAVEN FOR FOREIGN FUNDS AT STAKE, UNQUESTIONABLY THE GOVERNMENT OF SINGAPORE WILL MOVE DECISIVELY. CONSEQUENTLY, WE HAVE ASKED OUR NEW YORK OFFICE TO IMPRESS APPROPRIATE WASHINGTON OFFICIALS WITH THE GRAVITY OF THE MATTER AND ATTENDANT BUSINESS AND FOREIGN POLICY CONSIDERATIONS. OUR OBJECTIVE WILL BE TO REMOVE THIS IMPEDIMENT TO GOOD RELATIONS BETWEEN SINGAPORE AND THE UNITED STATES AS QUICKLY AS POSSIBLE. WE WOULD DEEPLY APPRECIATE YOUR ASSISTANCE AND THE HELP OF YOUR ASSOCIATES TO DRAMATIZE AND RESOLVE THIS ISSUE WITH THE APPROPRIATE AUTHORITIES IN WASHINGTON AT YOUR EARLIEST CONVENIENCE."

2. COMMENT: BLOCKING OF CAMBODIAN ACCOUNTS RECEIVING CONSIDERABLE PRESS ATTENTION IN SINGAPORE. ALTHOUGH MONETARY AU-LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 SINGAP 01776 291157Z

THORITY HAS NOT YET STEPPED INTO PICTURE, IT IS LIKELY DO SO WITHIN NEXT FEW DAYS.

3. ACTION REQUESTED: WE AND LOCAL AMERICAN BANKS NEED URGENTLY:

A) A CLEAR RATIONALE FOR ACTION BY USG TO BLOCK CAMBODIAN ACCOUNTS;

B) A PRECISE EXPLANATION OF TYPES OF ACCOUNTS AFFECTED;

C) IF ACTION COVERS DOLLAR ACCOUNTS DEPOSITED ABROAD IN AMERICAN BRANCH BANKS, HOW DO WE EXPLAIN EXTRATERRITORIAL NATURE OF ACTION.

D) INFORMATION (OR DRAFT) TO ANSWER ABOVE FNCB LETTER.

4. WE HAVE INFORMED GRAVES, WHO HAND-CARRIED LETTER, THAT IF MONETARY AUTHORITY RAISES ISSUE WITH US, WE WILL INFORM THEM WE HAVE SOUGHT CLARIFICATION AND INSTRUCTIONS AND URGE THEM TO BE PATIENT AND NOT TAKE ANY PUNITIVE ACTION AGAINST AMERICAN BANKS INVOLVED.

5. IT WOULD BE HELPFUL IF TREASURY OFFICIAL FAMILIAR WITH FOREIGN ASSETS CONTROL REGULATIONS COULD PAY BRIEF VISIT TO SINGAPORE TO ASSESS SITUATION AND HELP EXPLAIN ACTION TO MAS AUTHORITIES.

CRONK

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LAW, FOREIGN ASSETS CONTROLS, DIPLOMATIC COMMUNICATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 29 APR 1975
Decapton Date: 01 JAN 1960
Decapton Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975SINGAP01776
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750149-1041
From: SINGAPORE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t1975047/aaaaagec.tel
Line Count: 134
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AID
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 SINGAPORE 1692, 75 STATE 91120, 75 HONG KONG 4521
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 14 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14 JUL 2003 by KelleyW0>; APPROVED <14 NOV 2003 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BLOCKING OF CAMBODIAN ASSETS
TAGS: EFIN, SN, CB, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006